

STATE OF MICHIGAN
FAMILY INDEPENDENCE AGENCY

MEMORANDUM

To: James Nunnold, Director
St. Clair County FIA

From: Rita Barker, Director
Office of Internal Audit

Date: February 18, 1998

Subject: Audit of Procurement Card Usage

We performed an audit of Procurement Card usage at your office to determine if you were in compliance with the FIA Internal Controls Procedures related to procurement card usage. Based on our review, we concluded that you were in compliance with the requirements for supervisory review of purchases and for maintaining documentation to support all purchases made. However, we noted the following areas of noncompliance:

1. The Cardholder Transaction Detail Report was not being reconciled in a timely manner and the reconciliation was not performed by the purchaser's supervisor.
2. One purchaser was recording the verification of goods received and date on the Transaction Log. The verification that goods and services are received is to be done by an independent person.

This memo is for your information only. The information obtained at St. Clair County FIA will be included in our statewide audit of procurement card usage. Findings in that audit will be presented in summary, and will not be specific to any one local office.

Thank you for the cooperation your staff extended while our auditor was on site.

Procurement Card Procedure

There are two people who have procurement cards one is Jeannine Skonieczny, and Elizabeth Richter. Jeannine is the fiscal supervisor and Betty is the stockroom clerk. All staff requests go to Betty who gets approval from Penny Stein, Office Manager. Betty gets the card from Jeannine who stores them in the safe. Betty then purchases the requested items and Jeannine verifies the receipt of the goods. Betty prepares the Transaction Log and then turns the log and the receipts to Jeannine who reconciles the log to Betty's Transaction Detail Report that comes in a confidential envelope to Jeannine from Lansing. If all the items reconcile then Jeannine signs the report. A copy is made of the report and kept with the Local Office records and the original is sent back to Lansing signed and dated.

When Jeannine purchases goods and services, she retrieves the card out of the safe, purchases the goods and services, prepares the transaction log, initials and dates the log that the goods and services were received and then Penny Stein gives Jeannine the Transaction Detail Report of all of Jeannine's purchases to reconcile at the end of the cycle. This is improper separation of duties and the internal controls of using the procurement card are not in place.